

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Policy for Licensing Domestic Satellite)	IB Docket No. 02-30
Earth Stations in the Bush)	
Communities of Alaska)	RM No. 7246

REPLY COMMENTS OF AT&T AND ALASCOM

AT&T Corp. ("AT&T") and its wholly-owned subsidiary Alascom, Inc. ("Alascom") hereby submit their Reply Comments in response to the Comments filed in the above-captioned proceeding.¹ As demonstrated below, Alascom and AT&T strongly support the proposed elimination of the Alaska Bush Earth Station Policy ("Bush Policy"), action which should be accompanied by simultaneous companion relief in the form of the reduced regulation of AT&T and Alascom described in their Comments and Petition.²

All parties agree that the Bush Policy has outlived any usefulness and should be repealed immediately. For example, the RCA "urges the FCC to eliminate the Bush Policy so that all Alaskan consumers can receive the

¹ See *Policy for Licensing Domestic Satellite Earth Stations in the Bush Communities of Alaska*, IB Docket No. 02-30 and RM No. 7246, *Notice of Proposed Rulemaking* (FCC 02-37, rel. February 15, 2002) ("NPRM"). The Notice was printed in the Federal Register on May 30, 2002, with comments due on July 1, 2002 and reply comments due on July 15, 2002.

² See *AT&T Corp. and Alascom Inc. Petition for Elimination of Conditions Regarding the AT&T-Alascom Relationship*, filed March 10, 2000, initiating a pleading cycle under CC Docket No 00-873 ("Petition"). The Petition was attached to the initial Comments of AT&T and Alascom filed in the above-captioned proceeding.

benefits of facilities-based competition." *See* Comments of the Regulatory Commission of Alaska at pp. 5-6. Likewise, GCI confirms that "the Commission should remove this restriction [the Bush Policy] that is an unjustified exception to the Commission's open-entry policy for interstate MTS and may also stampede the permitted facilities-based competition in [the] intrastate market." *See* Comments of General Communication, Inc. ("GCI") at p. 15. And, as AT&T and Alascom show, "the Commission correctly recognized in the NPRM that the Bush Policy is antiquated and should be repealed." *See* Comments of AT&T and Alascom, Inc. at p. 5.

AT&T and Alascom also explained in their initial comments that the repeal of the Bush Policy is inextricably tied to the Commission's unique and burdensome tariff regulation of AT&T and Alascom because the Bush Policy is the sole justification for that tariff regulation. In fact, the parties filing comments in this proceeding agree on two policy justifications for reducing the tariff regulation of AT&T and Alascom.

First, GCI, AT&T and Alascom agree that the public interest would be served by harmonizing the Commission's regulation of interstate services for Alaska with that of the other 50 states. GCI states in its comments (at p. 12): "GCI strongly supports the Commission's effort now to harmonize its Alaska Bush policy with the pro-competitive policy that applies to **every other**

market."³ That is precisely the point of AT&T's and Alascom's Petition, to harmonize regulation of interstate services in Alaska with that elsewhere in the United States and also to harmonize the relationship between AT&T and Alascom with that of AT&T and its other interexchange affiliates (*e.g.*, AT&T Communications of California, Inc.).

Thus, GCI, AT&T and Alascom all agree that the regulation of the Alaska telecommunications market should be in parity with the regulation of telecommunications in the rest of the United States. The only way to achieve parity is for the Commission, in addition to eliminating the Bush Policy, to begin the process of winding down the CCS Tariff, which would permit more efficient and competitive services in Alaska and move toward bringing that service into parity as well.

Second, GCI states that since the passage of the 1996 Act, Congress and the Commission recognize that "the creation of competitive markets is a fundamental goal of the Act and have shaped communications policy around this principle." *Id.* at 12. GCI concludes, with respect to the Bush Policy, that the Commission should "eliminate this anomaly in its open-entry policy for interstate MTS and . . . allow consumers to receive the benefits of a competitive intrastate and interstate MTS market." *Id.* GCI's well

³ In addition to clearly stating the policy reason for eliminating both the Bush Policy and streamlining the CCS tariff, GCI implies that its services are technically superior to those of AT&T and Alascom. To the contrary, AT&T and Alascom have deployed tens of millions of dollars in investments to serve Alaska, including the Bush, since the passage of the 1996 Act. Such

articulated rationale, that the Bush Policy governing Alaska is an anomaly that is inconsistent with the pro-competitive policy framework championed by Congress and the Commission, similarly justifies AT&T and Alascom's requested reduction in regulation.

The reduced regulation tied to repeal of the Bush Policy must be addressed by the Commission concurrently with the elimination of the Bush Policy. Failure to do so would retard the public interest gains anticipated by its repeal and would be an arbitrary and capricious failure by the Commission to address a thorough record of facts and law.⁴ For more than two years, the Commission has had before it a record demonstrating the dramatic increases in competition and changes in law and policy relevant to the Alaska market. *See* Petition. This factual and legal record must be accounted for in any reasoned repeal of the Bush Policy.

investments include a substantial component of a replacement satellite for continuation of service to the Bush and the rest of Alaska.

⁴ *See Weyburn Broadcasting Limited Partnership v. FCC*, 984 F.2d 1220, 1228 (D.C. Cir. 1993); *see also Swan Creek Communications, Inc. v FCC*, 39 F.3d 1217, 1221 (D.C. Cir. 1994).

In conclusion, the Commission should repeal the Bush Policy and simultaneously grant the reduced regulation requested by AT&T and Alascom.

Respectfully submitted,

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